TECK

TECK CORPORATION LIMITED

1970

TECK CORPORATION LIMITED

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- Encouraging results on Sukunka coal project and plans to go underground; Teck's direct and indirect interest, after options exercised: 25%.
- Acquisition of 50% interest in 61 square miles of permits adjoining Sukunka deposit.
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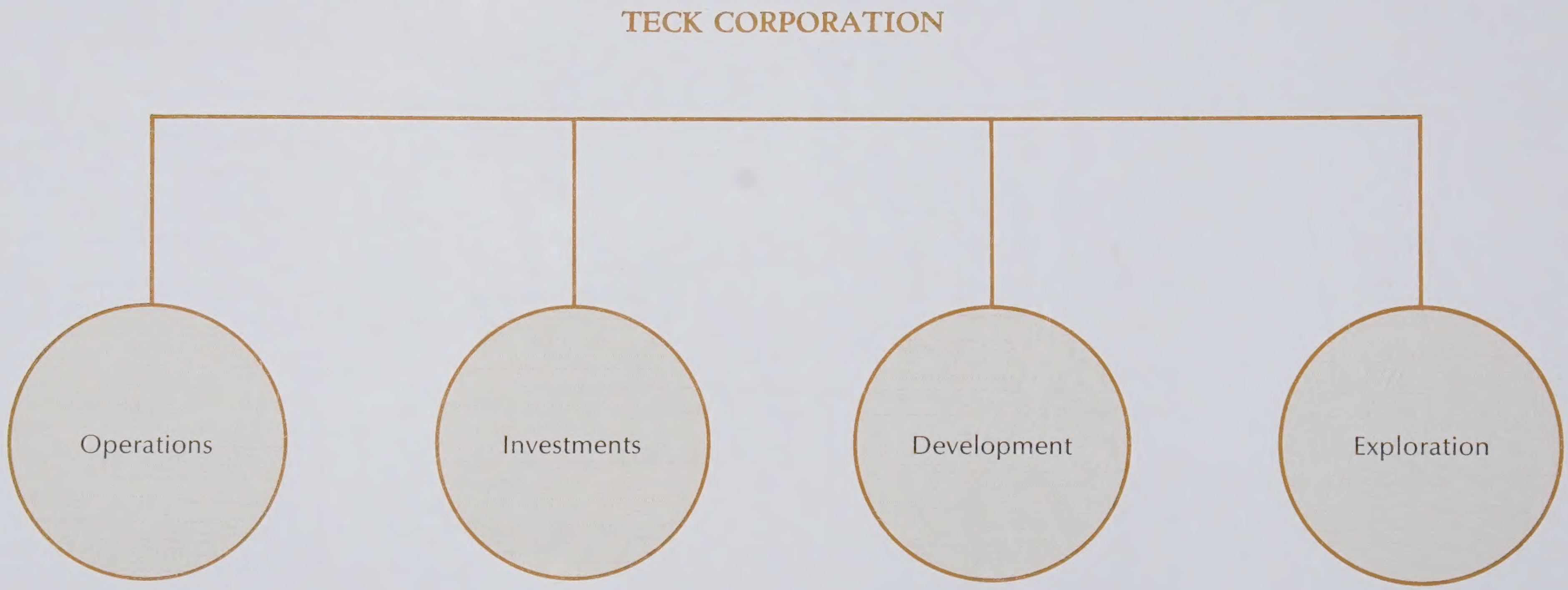
- Acquisition by associated company (Teck 25% interest) of 50% working interest in the major St. Honoré columbium deposit.
- Tonnage estimate at Silver Standard's Schaft Creek deposit increased to 240,000,000 tons grading 0.42% copper and 0.036% molybdenite, with significant values in precious metals.
- Increase in Teck's direct and indirect interest in Mattagami Lake Mines Limited to over 1,000,0000 shares.
- Earnings increased from 46.9 to 47.3¢ per share, cash flow from operations, investment, and profit on sale of assets was $4,810,631 or 91¢ per share.


TECK CORPORATION
Operations
Investments
Development
Exploration

N. B. Keevil

N. B. Keevil Jr.

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REPORT TO THE SHAREHOLDERS

Teck Corporation is undergoing a period of expansion through corporate acquisitions and amalgamations and is also obtaining encouraging results in its exploration and development programmes. Earnings for the year were 47.3¢ as compared to 46.9¢ per share the previous year. Cash generated from operations, investments and profits on the sale of securities was $4,810,631 or 91¢ per share.

During the year substantial share interests were purchased in Leitch, Highland-Bell, and following the fiscal year end: Iso Mines, thereby increasing the Group's equity in Mattagami Lake Mines Limited to over 1,000,000 shares. Other acquisitions were the 50% working interest in the St. Honoré columbium deposit in Quebec obtained by Copperfields (Teck 25%), and the purchase of an equity in Brameda Resources by associated companies since merged into Teck. Teck itself completed a development agreement with Highmont and purchased a 45% interest in the Highmont copper-molybdenum property in British Columbia. Teck also purchased petroleum production interests in the central United States. The results of exploration and development programmes at Highmont, St. Honoré, Sukunka and Silver Standard's Schaft Creek property were encouraging. In particular, considerable interest has been expressed in the Sukunka coking coal deposits in British Columbia.

The year's activity, while it increased the opportunity for growth, also increased intercorporate complexity. Accordingly, early in 1971 Teck completed a merger with Area, Leitch, Highland-Bell, and Silverfields which resulted in a stronger company, and the corporate simplification should be to the advantage of shareholders and the investing public alike.

In view of the changing character of the company and for the benefit of some 4,000 new shareholders we have endeavoured, in preparing this report, to cover all phases of the company's affairs. Its activities have been broken into its principal divisions: *operations, investments, development,* and *exploration,* as well as *financial data,* and the informative material flows in this sequence through the report. Your company now has approximately 14,000 shareholders, most of whom are Canadian.

Teck Corporation's prime interest continues to be development of Canada's natural resources, and the company has been active in this respect in almost all provinces and territories of Canada. In addition to its petroleum and natural gas divisions, Teck has interests in nine mining operations, including gold, silver, copper and zinc. Projects under development include copper, molybdenum, columbium, and coking coal. Cash flow from the operating divisions and from the investment portfolio will provide the base for further expansion, and the means by which the development and exploration divisions can be moulded into new operations to generate additional earnings.

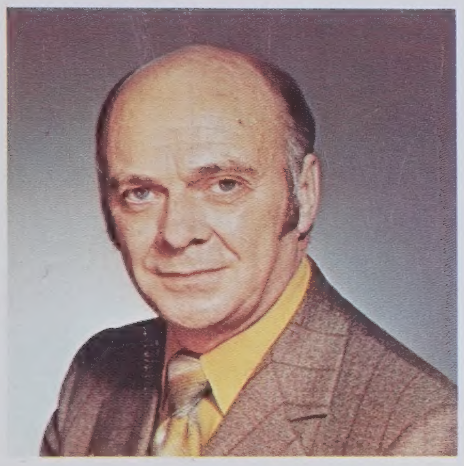
The future of any energy and resources company depends upon its reserves in the ground, and its ability to discover and acquire new reserves. As you read through the report it will be apparent that your company has made important progress in these areas. We now look forward to further growth for your company in the years ahead, through the development of some of its major projects, and by being alert to new opportunities as they arise.

On behalf of the Board,

N. B. KEEVIL
Chairman and President

April 12, 1971

Operations



A. R. Keevil

OPERATIONS

PETROLEUM DIVISION

Petroleum production during fiscal 1970 was 1,891,918 barrels of crude oil (5,183 barrels per day) and 563,723 mcf of gas (1,544 mcf per day), an increase from 1,491,827 barrels and 354,020 mcf the previous year. Sales revenue increased from $4,012,889 to $5,336,085, and operating profit from $3,283,591 to $3,804,876.

The increase in oil production is attributable to the purchase, in November 1969, of oil production in the Illinois Basin of the United States, which added 418,450 barrels during the year. The increase in saleable gas resulted from sustained production in improved facilities in the West Provost Viking gas unit.

In late 1970 and early 1971 the price received for crude oil from both Teck's Canadian and U.S. production was increased by 25¢ per barrel. At the 1970 rate of production, this would increase operating profit by approximately $400,000 per year. Because of the developing energy shortage in North America and the increased cost of finding and producing crude oil throughout the world, additional price increases in the coming year are a possibility.

Teck's reserve position on September 30, 1970 was estimated by independent consultants at 17,123,253 recoverable barrels of oil and 15,534,800 mcf of gas, net after royalties.

Teck participated directly in three development wells during 1970, which resulted in two gas wells in Alberta, and one oil well in Saskatchewan. Four additional development wells on Teck lands were drilled by other companies, resulting in one gas well in Alberta and three small oil wells in Saskatchewan. Since the year end, three wells have been completed as successful gas producers in the West Provost Viking gas unit in Alberta (Teck 18%), and these should enhance profitability from this unit in coming years. Development drilling in the present fiscal year will include at least one more well at West Provost, and one well at each of the Benson, Pennant and Neptune oil pools in Saskatchewan.

RESERVES
September 30, 1970

Oil ......17,123,253 barrels
Gas ......15,534,800 mcf

OIL PRODUCTION
NET AFTER ROYALTY FOR THE FISCAL YEAR ENDED SEPTEMBER 30

Field	1970 Barrels	1969 Barrels	1968 Barrels	1967 Barrels	1966 Barrels	1965 Barrels
Steelman, Saskatchewan	1,274,693	1,299,891	1,398,875	1,399,191	1,454,375	1,439,598
Cullen, Saskatchewan	71,226	85,670	100,544	98,442	123,043	70,655
Medicine River, Alberta	38,532	38,637	54,696	40,664	40,629	41,434
Virden, Manitoba	44,083	36,932	33,783	35,472	33,253	35,140
U.S. Production	418,450	—	—	—	—	—
Miscellaneous	44,934	30,697	24,574	33,496	24,441	12,209
	1,891,918	1,491,827	1,612,472	1,607,265	1,675,741	1,599,036

GAS PRODUCTION
mcf

West Provost Gas Unit	408,319	354,020	307,451	—	—	—

R. E. Hallbauer

SILVERFIELDS DIVISION

The Silverfields mining division operates a 225 ton per day mine and mill near the town of Cobalt, Ontario. Since being placed into production in 1964, Silverfields has produced 7,898,000 ounces of silver, valued at over $12,900,000, and the operation employs a labour force of 80 men.

Production in the fiscal year ended September 30, 1970 totalled 1,006,053 ounces of silver, with minor amounts of by-product cobalt and copper. Gross revenue was $1,811,395 for a mine operating profit of $332,855. The average price of silver received was $1.80 per ounce.

Proven ore reserves at September 30, 1970 were 354,400 tons grading 12.6 ounces of silver per ton, sufficient for 4.5 years of operation. This included 119,000 tons of broken reserves, ready for mining, grading 12.9 ounces per ton. Over the company's seven year history development has consistently added more to reserves than that mined.

During the year a long exploration drift was driven from the fourth level to the south end of the property, and indications are that additional ore will be developed in this area.

During fiscal 1970 Silverfields, now a wholly-owned division, was operated by Silverfields Mining Corporation Limited, then owned 78% by Teck. Its financial results are consolidated in Teck's financial statements for the year.

BEAVERDELL DIVISION

The Beaverdell division operates a 120 ton per day mine and mill near Beaverdell, in southeastern British Columbia. The mill has been in production since 1950, and has produced over 16,000,000 ounces of silver. The operation employs a labour force of 39 men.

Production for the year ended December 31, 1970 totalled 444,291 ounces of silver, with additional values in gold, lead, zinc and cadmium. Concentrates were sold for $869,463. An extensive exploration and development programme was undertaken during the year in an attempt to extend ore reserves. The cost of this work contributed to a mine operating loss of $353,109.

Ore reserves at December 31, 1970 were estimated by independent consultants at 57,543 tons grading 15.7 ounces of silver per ton, sufficient for $1\frac{1}{2}$ years of production. The probability of developing additional reserves is reasonable, but the mine is not expected to produce significant profits in the future unless the price of silver rises.

During 1970 Beaverdell was operated by Leitch Mines, becoming a division of Teck in April, 1971 as a result of the recent merger of interests.

The Silverfields Mine

LAMAQUE GOLD MINES

Lamaque Mining Company Limited, a wholly-owned subsidiary of Teck, operates a 2,100 ton per day mine and mill at Bourlamaque and Val d'Or, Quebec. The mine has been in production since 1935, and is the largest gold mining operation in Quebec. It has produced over 3,900,000 ounces of gold valued at over $142,500,000, employs a labour force of 400 men, and benefits indirectly hundreds of others in this mining community.

Production during fiscal 1970 was 92,913 ounces of gold and 13,305 ounces of silver for a gross sales value of $3,467,043. After receiving $791,864 under EGMA, Lamaque's cash flow from operations was $326,868. The average price received for gold was $37.30 per ounce.

Proven ore reserves at September 30, 1970 were estimated at 1,247,750 tons grading 0.171 ounces of gold per ton. Because of continually increasing unit costs and the fact that the price of gold has failed to keep pace with inflation, the profitability of this operation has continued to decline. Underground development has been discontinued and, unless a planned surface programme to explore for additional mineralized granodiorite plugs is successful in locating new high-grade ore, it is likely that the operation will phase out within the next two years.

The Lamaque Mine

TEGREN DIVISION

The Tegren property consists of 20 patented mining claims immediately west of the Macassa mine. Macassa is the westernmost of seven major mines which occurred along the Kirkland Lake *main break,* the famous "mile of gold". The break continues on to the Tegren property, but crosses the boundary at a depth of more than 4,000 feet, too deep to explore from surface.

Several years ago, Teck reached an agreement with the Oakes Estate, the owners of the property, under which Teck would finance an underground exploration programme, using the Macassa workings for access. The results did not prove up enough ore to warrant sinking of a new shaft and establishment of a separate mine, but did indicate approximately 55,700 tons of high grade gold ore (0.78 ounces per ton) near the Macassa workings.

Recently Upper Canada Mines Limited has contracted to operate the Macassa mine, and an agreement has been entered into by Upper Canada, Teck and the Oakes to mine this ore. Under the terms, Teck will receive a royalty of $1.20 per ton for the first 50,000 tons. To encourage exploration and development, no royalty would be paid on the next 50,000 tons, after which Teck would receive a royalty of 60¢ per ton until the total reached $533,000, and 40¢ per ton thereafter.

Investments

INVESTMENTS

April 1, 1971

Company	Shares Held	Value Per Share	Value Total
Mattagami	782,671	$28.12	22,008,700
Madeleine	1,151,176	3.80	4,374,500
Copperfields	1,581,000	1.73	2,735,100
Iso	658,647	1.70	1,119,700
Tribag	575,000	1.14	655,500
Torwest	1,403,500	.40	561,400
Highmont	710,000 (1)	3.65	2,591,500
Silver Standard	380,500 (1)	2.03	772,400
Brameda	333,335	2.40	800,000
Brameda *(pooled)*	800,000	cost	800,000
Tribag	debenture	cost	1,500,000
Brameda	debenture	cost	1,000,000
Miscellaneous	— bonds		780,500
	— preferred shares		180,700
	— common shares		1,243,300
Total			41,123,300
— per share, on new capitalization			$6.03

(1) includes shares receivable for advances

INVESTMENTS

Teck Corporation will have a substantial investment portfolio consisting of shares and debentures in other companies in the Canadian energy and resources industry. The market value of this portfolio at April 1, 1971 was $41,123,300, or $6.03 per Teck share after consolidation.

MATTAGAMI LAKE MINES LIMITED

Teck Corporation holds 782,671 shares of Mattagami Lake Mines Limited, or 12% of the issued capitalization. An associated company, Iso Mines Limited, holds 275,000 shares of Mattagami, for a combined total of 1,057,671 shares or 16% of the company.

Mattagami Lake Mines operates a 3,900 ton per day copper-zinc-silver mine in northwestern Quebec. The orebody was discovered in 1957 by six companies, four of which have since merged into Teck Corporation and a fifth, Iso, which is now associated with Teck. The deposit was financed to production by a group including Noranda and Placer Development.

Mattagami owns a 62.5% interest in Canadian Electrolytic Zinc Limited, which operates a zinc smelter and refinery and fertilizer plant at Valleyfield, Quebec. Mattagami (60%) and Abitibi (40%) are jointly developing a second mine at Sturgeon Lake, Ontario, which was discovered by Mattagami in 1969.

Teck receives annual dividend income at the rate of $1.50 per Mattagami share. At this rate, the merged Teck would receive $1,174,000 annually in dividend income from this source.

Reported Ore Reserves

Mattagami 16,696,232 tons
9.2% Zn, 0.66% Cu, 0.012 oz. Au, 1.08 oz. Ag.
Mattabi (Sturgeon Lake) 12,866,000 tons
7.60% Zn, 0.91% Cu, 0.84% Pb, 3.13 oz. Ag, 0.007 oz. Au.

The Mattagami Mine

MADELEINE MINES LIMITED

Teck holds 1,151,176 shares (25%) of Madeleine Mines Limited.

Madeleine operates a 2,400 ton per day copper mine near Ste. Anne des Monts, Quebec. The orebody was discovered in 1967 by Area Mines, a predecessor company of Teck, jointly with another company. It was financed to production by McIntyre Porcupine Mines Limited and began operations in June, 1969.

Ore reserves have been maintained since commencement of production, and on December 31, 1970 were estimated at 5,103,965 tons grading 1.30% copper. Production in the year ended December 31, 1970 was 19,674,115 pounds of copper and 197,768 ounces of silver, with a gross sales value of $11,663,341 and a mine operating profit of $5,492,567.

The financing agreement with McIntyre contains a requirement that Madeleine pay all cash flow to shareholders by way of dividends (other than that required for working capital, exploration and development of its original property or for debt repayment). Long term debt at December 31, 1970 was $7,350,000. Cash flow for the year was $4,807,013, and if this rate continues without significant reinvestment requirements, Teck should begin receiving dividend income from this source within two years.

COPPERFIELDS MINING CORPORATION LIMITED

Teck holds 1,581,000 shares (25%) of Copperfields Mining Corporation. Copperfields operates a 200 ton per day copper mine at Temagami, Ontario, holds 1,999,145 (29%) Class A common shares of Teck Corporation (0.32 Teck shares per Copperfields share), and is engaged in mineral exploration and development.

Copperfields' most important asset, other than its investment in Teck, is the St. Honoré columbium project near Chicoutimi, Quebec. Copperfields has a 50% working interest in the project, the balance being held by the Quebec Mining Exploration Company (SOQUEM). The companies have announced plans to go underground to obtain a bulk sample for pilot plant purposes, and it is probable that the deposit will be placed into production. Further details are provided in the *Undeveloped Reserves* section of this report.

The Temagami mine has been in continuous production since 1955, but its ore reserve situation has been diminishing slowly and it is unlikely that the mine will be in production much past the end of the current fiscal year. Copperfields is also exploring another copper deposit near Kedgwick, New Brunswick.

ISO MINES LIMITED

Teck owns 658,647 shares (20%) of Iso Mines Limited, a mineral exploration company with a substantial investment portfolio.

Iso holds 275,000 shares (4%) of Mattagami Lake Mines Limited and 85,700 shares of Orchan Mines Limited, with a combined current market value of $8,000,000.

Iso's 80%-owned subsidiary, Iso Explorations, recently optioned its Coal River tungsten prospect in the Northwest Territories to Canadian Exploration Limited. Canex has committed to spend a minimum of $85,000 on the property by September, 1973. It would then have two years to finance it to production, for which it would earn a 70% working interest. Iso Explorations would retain a 30% free interest in the project.

Iso Explorations is also active elsewhere in western Canada, and has an indirect interest in an interesting bismuth-zinc-copper showing being explored in the Liard Mining Division of northern British Columbia. A 90%-owned subsidiary of Iso, Iso-Nevada Limited, is engaged in exploration in the western United States.

TRIBAG MINING CO., LIMITED

Teck holds 575,000 shares (15%) of Tribag Mining Co., Limited, as well as a $1,500,000 7% income debenture, convertible into common shares of Tribag at $1.25 per share prior to mid 1972. If converted, Teck would hold 1,775,000 shares (35%) of Tribag.

Copper mineralization on the Tribag property, near Sault Ste. Marie, Ontario, was discovered in 1954 by Aime Breton, a prospector. A considerable amount of drilling was done by Tribag and a shaft sunk to 1,251 feet. In 1966, Teck agreed to finance the property to production and to manage the mine, which began operations in May 1967. It has since produced 22,880,000 pounds of copper with a gross value of $13,880,000.

Ore reserves at December 31, 1970 were 579,540 tons grading 1.54% copper, sufficient for 3.3 years of operation at present production rates. The ore occurs as medium to high-grade segregations within mineralized breccia pipes. All ore mined to date has been from the Breton breccia and the West breccia. One other pipe, the East breccia, contains lower grade mineralization not considered economic at the present time.

At September 30, 1971 Tribag had working capital of $2,659,731, exceeding that necessary to repay the income debenture. The company is currently engaged in an exploration programme to search for additional breccia pipes, or new mineralized zones within known pipes.

HIGHMONT MINING CORPORATION

Teck holds 475,000 shares of Highmont, and has the right to receive 235,000 additional shares for work done to April 1, 1971 on the Highmont property. Upon exercise of all options, Teck would earn 2,125,000 common shares or 40% of Highmont Mining Corporation. Teck also holds an additional indirect interest in Highmont through its 20% investment in Torwest Resources, and owns a 45% direct interest in the Highmont property subject to a $2,500,000 mortgage.

Highmont's principal asset is 55% of the Highmont copper-molybdenum property in central British Columbia. The deposit occurs in the Highland Valley area, near the Lornex and Valley Copper deposits. Extensive drilling and engineering by Highmont and latterly by Teck has indicated that the Highmont deposit will support a profitable, large tonnage open pit operation. An independent feasibility study by Chapman, Wood and Griswold Limited, received in March 1971, has recommended production at a rate of 25,000 tons per day, with a capital cost estimate of $62,500,000.

Additional information on the Highmont project is included in the *Undeveloped Reserves* section of this report.

TORWEST RESOURCES

Teck holds 1,403,500 shares or 20% of Torwest Resources.

Torwest's principal asset is its holding of 1,000,000 shares of Highmont, representing 27% of the presently-issued capitalization and approximately 19% of that expected to be issued upon Highmont reaching production. Torwest discovered the Highmont deposit, originally known as the Gnawed Mountain deposit, and formed Highmont Mining Corporation in 1966 to finance continued exploration and development.

Torwest also holds a 60% interest in Red Mountain Mines Limited, whose high-grade molybdenum property near Rossland, British Columbia is presently producing at a rate of 550 tons per day.

BRAMEDA RESOURCES

Teck holds 1,133,335 shares (16%) of Brameda Resources, as well as a $1,000,000 interest-free debenture, convertible into shares at $6 per share prior to April 30, 1973.

Brameda was formed in 1969 as the exploration vehicle for the "Brynelsen Group"; a team with an exceptional mine-finding record in western Canada, including Brenda, Boss Mountain and Kennedy Lake. A sequence of events led to Brameda encountering financial difficulties in early 1970, and two predecessor companies of Teck (Area and Highland-Bell) purchased treasury shares and debentures to help maintain the company.

Brameda's principal asset is a 95% interest in the Sukunka coking coal property in north-central British Columbia. Teck owns 5% of this deposit and has the option to acquire an additional 5%. It was discovered during 1970 and subsequent drilling, milling tests and underground work indicate that it should soon become an important producer. Additional information on Sukunka is included in the *Undeveloped Reserves* section of this report.

Brameda holds a 16% share interest in Casino Silver, and has the right to earn a 70% interest in the Casino property by placing it into production. This property, located in the Yukon Territory 190 air miles northwest of Whitehorse, contains an extensive deposit of low-grade copper and molybdenum mineralization. More work will have to be done before it can be considered as an economic deposit. The Federal Government's recent proposed increase in mining royalties in the Yukon contributes nothing towards making this or other deposits economic, but could instead direct investment away from the Yukon Territory.

Brameda holds 50% of Churchill Copper Corporation, which operates a new 700 ton per day copper mine in northern British Columbia. Brameda has guaranteed $7,600,000 in bank loans to assist Churchill into production, for which Brameda has $1,400,000 in cash and 214,796 shares of Giant Mascot Mines Limited on deposit with the banks as collateral. As added security for the banks, Teck has guaranteed $3,800,000 of the bank loans made to Churchill, which bank loans are primarily guaranteed by Brameda. For this guarantee Teck is receiving $6 per ton of concentrate shipped (to a maximum of $1,000,000). Churchill is presently operating at a profit, and its future will depend upon the price received for copper.

SILVER STANDARD MINES LIMITED

Teck holds, or has the right to receive for work done, approximately 380,500 shares of Silver Standard, or 7% of the presently issued capitalization. Teck is exploring several Silver Standard properties, for which it is receiving additional shares on a formula basis over the next three years which could result in Teck increasing its interest to about 45%.

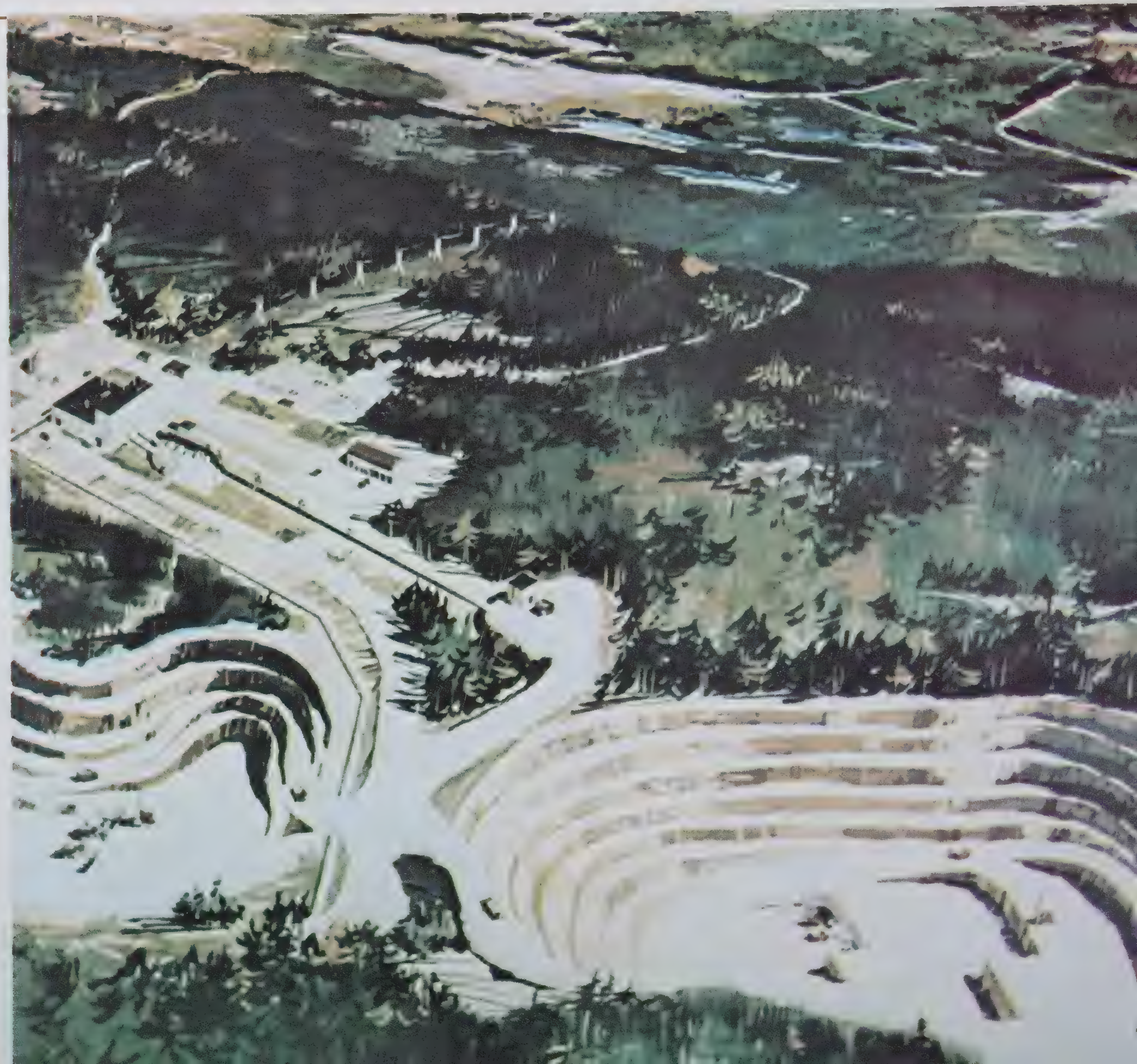
Silver Standard is a well-managed mining exploration company based in Vancouver. The agreement employs for Teck an excellent team, experienced in western Canada, as well as providing it with equity in several interesting projects.

Silver Standard's most important property asset is a carried interest in the Schaft Creek project in northern British Columbia. It owns a 2/3 interest in Liard Copper, which discovered the deposit. A U.S. mining company has the right to place Schaft Creek into production, after which Liard Copper would retain a 30% carried or net profits interest. Additional information on Schaft Creek is included in the *Undeveloped Reserves* section of this report.

Through another arrangement, a Japanese-based company is exploring and developing the Nickel Mountain deposit in northern British Columbia. Silver Standard would retain a carried interest of 35 to 40%, depending on scale of operation, if the deposit is placed into production. This project is at an earlier stage than Schaft Creek, requiring the outlining of additional ore to be economic, and so is not included as an undeveloped reserve.

Silver Standard is active in exploration in western Canada and the western United States, and has a number of other projects at earlier stages of development.

Development



Eleven cubic yard shovel, used in open pit mining.

Brenda's 25,000 ton per day plant, similar to that designed for Highmont.

DEVELOPMENT PROJECTS

and Undeveloped Reserves

In the past two years Teck has added substantially to its undeveloped reserve position, and now has direct or indirect equity in a number of major projects which should reach production during the 1970's.

HIGHMONT PROJECT

Teck direct interest — 45%
Potential additional indirect interest — 24%

Highmont is a large tonnage, low-grade copper-molybdenum deposit in the Highland Valley similar to many of the porphyry coppers of central British Columbia. Ore reserves defined by drilling and underground bulk sampling have been calculated at 145,000,000 tons grading 0.27% copper and 0.045% molybdenite, with a strip ratio of 1.27 to 1. This includes areas of higher grade material and the proposed mining schedule has been designed to provide mill heads in excess of average mine grade during the first three years of operation.

During and subsequent to fiscal 1970, Teck financed 99 drill holes totalling 62,000 feet, 4,000 feet of underground bulk sampling in tunnels and raises, metallurgical tests including pilot plant runs, and the preparation of detailed plant design and feasibility studies. Teck's preliminary feasibility study, completed last autumn, indicated that a 25,000 ton per day operation similar to that of Brenda Mines would be optimum and economic, with a capital cost estimated at $60-65,000,000. An independent joint study by Wright Engineers and Chapman, Wood & Griswold, Limited, received in March 1971, reports similar findings and recommends that the property be placed into production.

Negotiations with smelters, consumers and banks have been in progress for some time, and indications are that satisfactory sales and senior debt financing arrangements will be concluded shortly.

Highmont would produce approximately 50,000,000 pounds of copper and 4-6,000,000 pounds of molybdenum per year, with annual metal sales in the order of $30,000,000 at present prices. It would employ more than 300 people directly, and would support indirectly a large number of others in the Kamloops-Ashcroft and Vancouver areas. Over a mine life based on proven reserves alone, it would pay federal and provincial taxes in excess of $20,000,000.

Highmont's long-term reserves will be an important addition to Teck.

Chamberlain coal seam, Sukunka project

Teck's mine development team of R. E. Hallbauer, Vice-President; R. Drozd, Chief Engineer; and W. R. Bergey, Exploration Manager for Western Canada.

SUKUNKA PROJECT

Teck direct interest — 5-10%
Teck indirect interest — 15%

The Sukunka property covers 41 square miles in an area approximately 30 miles south of Chetwynd, on the PGE railroad in northern British Columbia. Teck also has the right to earn a 50% working interest in an additional 61 square miles of coal licences adjoining the main block.

A number of coal seams of potential economic interest occur in the sedimentary section under the Sukunka licences, some of which are of coking quality and some of potential application as steam or energy coal. The most important of these appears to be the Chamberlain seam, in which drilling has indicated reserves in excess of 65,000,000 tons.

The Chamberlain coal is classed as low sulphur, medium volatile coking coal, and in the opinion of our consultants is among the best quality coking coals in the world. It is predominantly flat-lying, with a thickness generally between 8 and 11 feet. Examination of drill core and preliminary tunnelling work indicate that mining conditions should be favourable, with good floor and backs. However, a programme of additional tunnelling is considered advisable before a production decision is made.

Negotiations are in progress with a view to funding approximately $1,500,000 worth of underground work and drilling in the coming months, and providing the necessary debt financing to attain production at a rate of approximately 2,000,000 tons per year thereafter.

SCHAFT CREEK PROJECT

Teck potential indirect interest — 9% carried

Silver Standard's Schaft Creek deposit is in the Liard Mining Division of northern British Columbia, 45 miles west of the proposed Stewart-Cassiar Highway or 185 road miles from the port of Stewart. The property has been optioned to a United States company, which can earn 70% by providing financing to place it into production.

Schaft Creek is one of the larger porphyry copper deposits in western Canada. Exploration and development work is not as advanced as at Highmont, and the project requires further definition drilling, underground sampling and engineering studies before calculation of mineable reserves and a feasibility study. However, results to date have been calculated by Silver Standard engineers to indicate geological reserves of 240,000,000 tons grading 0.42% copper and 0.036% molybdenite, with additional values in precious metals.

It appears probable that Schaft Creek will be placed into production as a large scale open pit operation in the medium term.

ST. HONORÉ PROJECT

Teck indirect interest — 12½%

Copperfields Mining Corporation, in which Teck has a 25% equity, is working jointly with Soquem, the Quebec government exploration company, to develop the St. Honoré colombium deposit.

St. Honoré is seven miles north of Chicoutimi, Quebec, on the main CNR line and close to town and port facilities. Drilling during 1970 has outlined extensive reserves of columbium mineralization and indicated this to be one of the world's major columbium deposits.

Two zones of high-grade columbium have been indicated within a broad zone of lower grade material, estimated geologically to contain over 100,000,000 tons of 0.5% Cb_2O_5. The No. 1 and No. 2 high-grade zones require additional fill-in drilling before proven reserves can be calculated, but are estimated to contain significant, mineable tonnages of material grading between 0.5 and 1.0% Cb_2O_5. Metallurgical tests indicate that the No. 2 zone will produce the better concentrate with better recovery. Preliminary results to date indicate recovery of 70 to 75% and a concentrate grade of about 55% Cb_2O_5.

The deposit is covered by 100 to 200 feet of flat-lying Palaeozoic limestone, and plans are to begin shaft sinking in May to obtain a bulk sample for pilot plant and mill design purposes. Whether or not eventual mining would be by shaft or open pit would be determined by the initial scale of operation, with a pit appearing preferable above the rate of 2,000 tons per day.

The key question at this point is one of markets. Columbium has interesting applications in super-alloys, pipeline and building steels, and in superconducting transmission wire or electromagnets. The recent development of a new columbium steel with special deep drawing characteristics could produce a substantial increase in demand for columbium over the next few years.

It appears probable that St. Honoré will be placed into production, with a plant designed for ready expansion as markets grow.

CASINO PROJECT

Teck potential indirect interest — 12%

The Casino deposit, discovered late in 1969, is at an earlier stage of exploration than Schaft Creek. The results of drilling during 1970 indicated a possible mineable reserve of approximately 179,000,000 tons grading 0.37% copper and 0.039% molybdenite. There are geological indications that the reserve could be expanded, and consideration is being given to additional drilling during 1971.

The deposit is located 140 miles from the Alaska Highway, 178 miles from the present railhead at Whitehorse. However, although the deposit is extensive, lack of industry experience in construction and operating in the Yukon makes it impossible to make economic projections with the same precision as in established areas such as the Highland Valley.

At present, it may be said that the Casino deposit should be important at some time, but that additional work and experience and some government support will be required before more definitive plans can be made.

The recently-proposed bill C-187 of the Federal government contains provisions which will more than triple royalties in the Yukon. Coupled with the increase in mining taxation proposed in the White Paper, as amended, these do nothing to encourage exploration and development in the area. If development of the far north and provision for steady employment of its existing residents is considered to be in the national interest, the government might be advised to rescind the new royalty provisions entirely and to retain the *existing* tax incentives for operations in such areas.

SUMMARY OF UNDEVELOPED RESERVES

Deposit	Teck Interest	Tonnage Estimate	Grade Estimate
Highmont	69%	145 million	0.27% Cu, 0.045% MoS_2
Sukunka	24%	65 million	high-grade coking coal
Schaft Creek	9%	240 million	0.42% Cu, 0.036% MoS_2
Casino	12%	179 million	0.37% Cu, 0.039% MoS_2
St. Honoré	12.5%	100 million	0.5% Cb_2O_5

Notes:
1. Highmont mineable reserves calculated by Chapman, Wood & Griswold.
2. Sukunka geological reserves estimated by Paul Weir & Co.
3. Schaft Creek geological reserves reported by Silver Standard.
4. Casino geological reserves estimated by Teck engineers.
5. St. Honoré geological reserve projection by Copperfields, and includes significant tonnage in excess of 0.5% Cb_2O_5.

Exploration

EXPLORATION

Teck and its associated companies are active in mining and petroleum exploration across Canada and, to a limited extent, elsewhere. Teck presently has interests in over 3,000 mining claims, over 24,400,000 acres of exploratory petroleum lands, and 102 square miles of exploratory coal licences.

The most promising exploration project at the present time is the Sukunka-Offset coking coal programme. Interesting petroleum holdings include 3,030 net acres in the San Joaquin Valley of California, 17,500 net acres in the Mackenzie Delta, and 2,880,000 net acres in and near Hudson Bay.

SUKUNKA OFFSET

Teck can earn a 50% working interest in 61 square miles of coal licences adjoining and south of the Sukunka coal property, with Brameda Resources retaining the balance. No holes have been drilled on these licences, but surface expressions of coal are known and drilling by other companies to the south has indicated coal similar to that being developed by Brameda and Teck, to the north. A drilling programme planned for 1971 will be designed to test continuity, quality and attitude of the coal formations.

PETROLEUM EXPLORATION

Teck recently acquired a net 3,030 acres in the San Joaquin Valley of central California, southeast of the Kettleman Hills oil fields. Reports are that a deep test by another company in the area encountered significant oil shows at a depth of 14,000 feet and, if confirmed, could represent a significant discovery. Teck's acquisitions were based upon seismic and geological data obtained in the area previously.

In the Mackenzie Delta Teck holds acreage 120 miles south of the Atkinson Point discovery. Your company has a 25% interest in 70,000 acres, and plans land and marine seismic surveys during 1971. If a suitable structure is mapped a well could be programmed for the following drilling season.

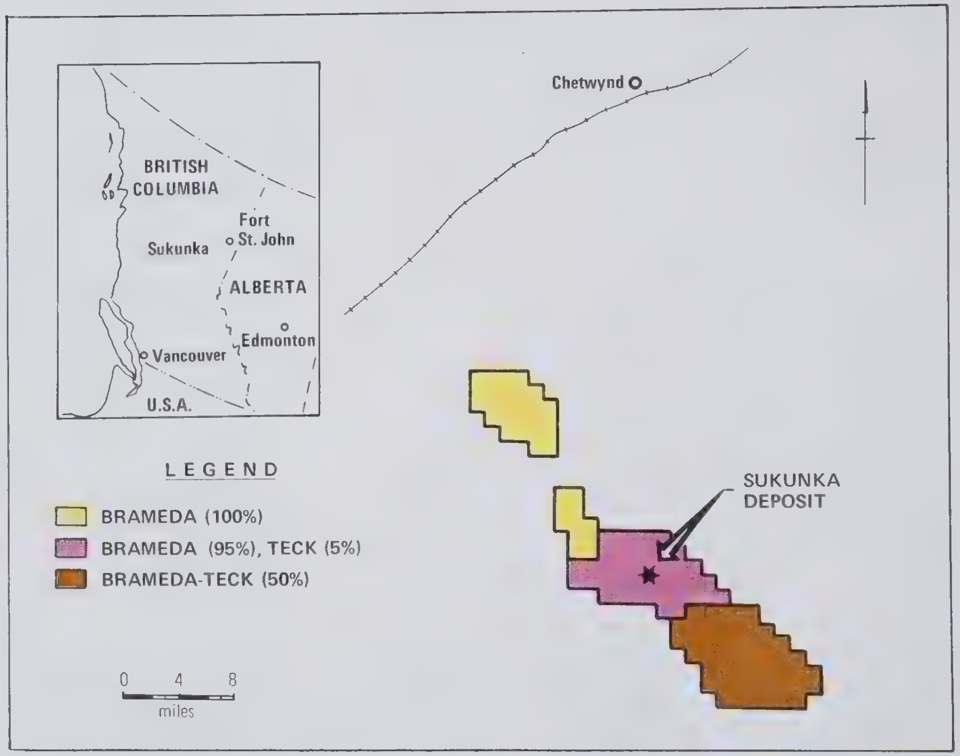
In southern Hudson Bay, Teck (5%) and partners will drill an on-shore stratigraphic test in early 1971 and may drill similar tests on permits held (20%) in the northern part of the Bay. Offshore tests are not planned pending completion of work by major companies in the area.

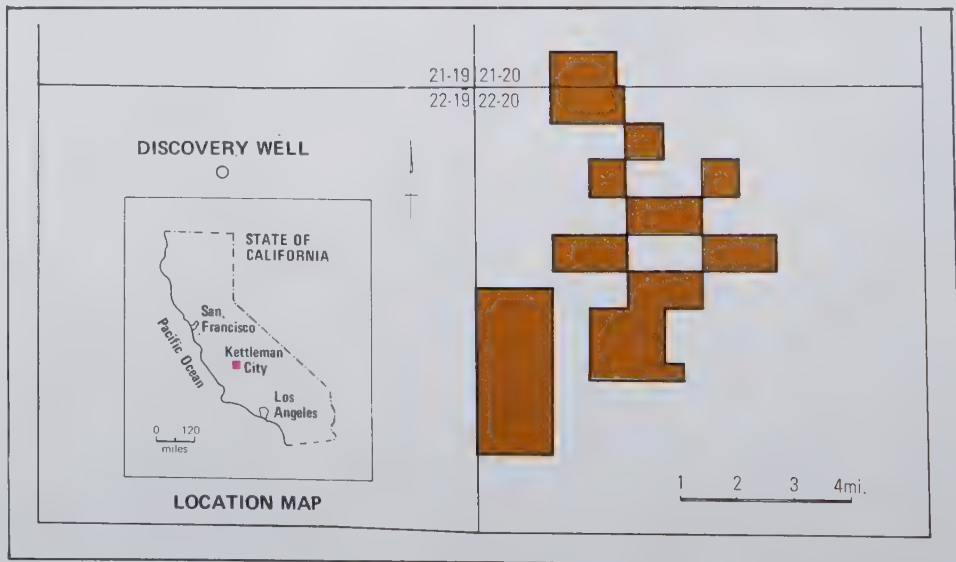
Teck participated in three exploratory wells in 1970, resulting in completion of one gas well in the Strachan-Ricinus area of Alberta. Ten wells were drilled by other companies on Teck farmout lands, and one in the Steelman area was completed as a small oil producer. Wells may be drilled in 1971 to test two structures in Saskatchewan if sufficient lands can be acquired, and in the East Bantry gas area of southern Alberta.

OTHER MINERAL EXPLORATION

Teck's principal emphasis in eastern Canada will be to take advantage of the new, sophisticated DIGHEM helicopter-borne electromagnetic system, in the search for high-grade base metal deposits. Teck participated in several syndicated surveys during 1970, the results of which will be followed up during 1971, and is continuing to participate in such syndicates.

Teck's option to acquire a 54% interest in the Restigouche lead-zinc-silver deposit in New Brunswick was terminated in favour of Teck's current development projects, which offer greater potential.





Teck Castle

THE TECK STORY

Teck is one of the oldest names in Canadian mining, beginning in 1913 when *The Teck-Hughes Gold Mines, Limited* was incorporated to develop and operate a gold property at Kirkland Lake. The orebody was discovered by James A. Hughes and Sandy McIntyre, who later discovered the McIntyre Porcupine deposit at Timmins, and the company was named by combining the Hughes name with that of Teck Township, where it occurred. The township itself had been named in honour of Princess Mary of Teck, who later became Queen Mary, and the original Teck family's castle still stands on a hill south of Stuttgart, Germany.

The Teck-Hughes mine produced over $107,000,000 in gold before reserves were depleted in 1968. By then, although it was at last necessary to close the mine, the company had broadened its interests to include mining and petroleum operations and developments across Canada.

Teck-Hughes' first new operation was the *Lamaque* gold mine at Bourlamaque, Quebec. Teck-Hughes optioned the property in 1932 and formed Lamaque Gold Mines Limited to bring it into production. Lamaque became the largest gold producer in the province of Quebec, milling more than 2,000 tons per day and employing more than 500 people directly. It has produced over $142,000,000 in gold.

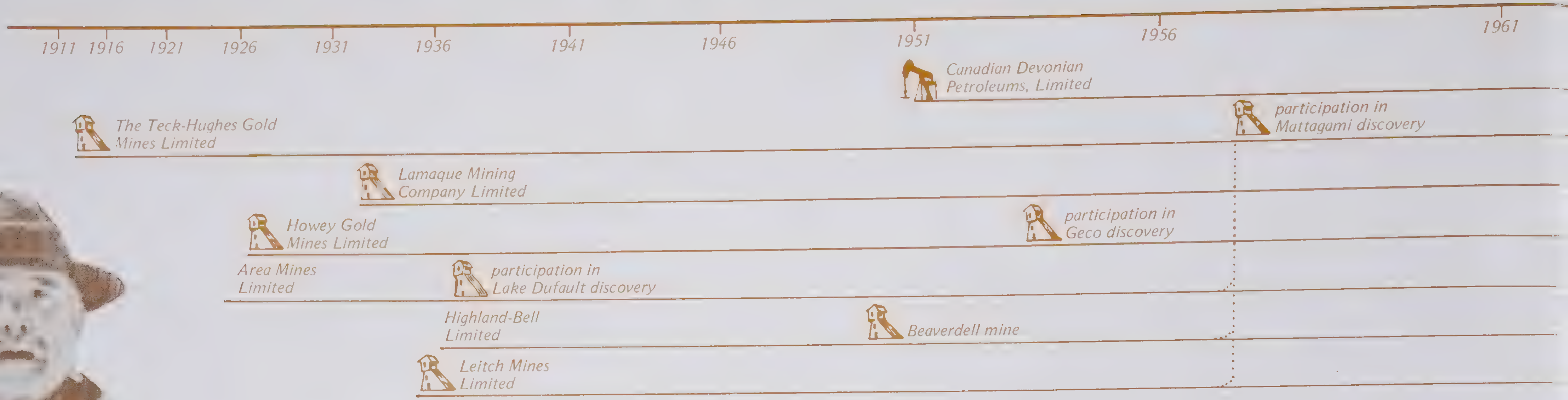
In 1957 Teck-Hughes participated with five other companies in the Mattagami Syndicate, formed to take advantage of the new airborne electromagnetic survey technique. The Syndicate selected a geologically-interesting area in northwestern Quebec, and drilling of one of the better anomalies resulted in the discovery of the *Mattagami* deposit. It was financed into production in 1963 by a group including Noranda Mines and Placer Development, and has produced over $304,000,000 in zinc, copper and silver since that time.

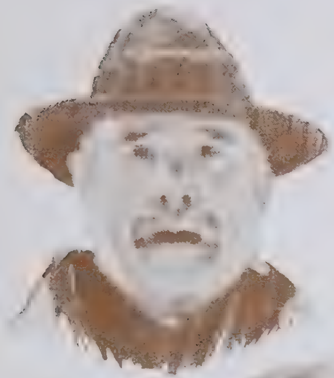
It is interesting that of the six original participants in the Mattagami Syndicate — Area Mines, Leitch Mines, Highland-Bell, Teck-Hughes, Iso Mines and Dome Mines — four have since merged with Teck Corporation, and a substantial interest has just been acquired in a fifth syndicate member, Iso Mines. Mattagami recently discovered a second, similar orebody at Sturgeon Lake, Ontario, and this is now being prepared for production. The value of Teck's direct investment in Mattagami now exceeds $20,000,000, with dividend income of $1,200,000 per year.

At approximately the same time as the original Mattagami discovery, Consolidated Howey Gold Mines Limited, a former gold producer at Red Lake, participated in the making of an important mine at Manitouwadge, north of Lake Superior. The Geco copper-zinc showing had been staked by 3 prospectors named Roy Barker, Bill Dawidowich and John Forster. Consolidated Howey and General Engineering Company acquired interests in the property and proceeded to outline an orebody. As with Mattagami, this deposit was financed to production in 1957 by Noranda Mines, and was subsequently merged into Noranda. Howey sold its interest in 1960 for $5,500,000.

Howey, in which Teck-Hughes by then held approximately a 50% interest, became interested in a western Canadian oil company known as *Canadian Devonian Petroleums Limited*. Canadian Devonian had been formed by a group of Regina businessmen in 1951 to search for oil, and had been successful in discovering the Steelman Field in southwestern Saskatchewan in 1954. Two companies made offers to purchase at least 50% of the shares of Canadian Devonian, and Howey was successful. Teck's petroleum interests stem from this acquisition.

In 1963, Teck-Hughes, Lamaque and Canadian Devonian merged. Although Canadian Devonian was the continuing corporate structure, the time-honoured Teck name was retained, with the new company being named *Teck Corporation*. At the same time, Howey was wound up and its assets distributed to shareholders.





Sandy McIntyre

K J Springer

J M R Corbet

R W Falkins

A small orebody, but one of the richest copper deposits ever found, was to have an important bearing on the direction of Teck. Dr. N. B. Keevil, formerly on the staffs of Harvard, M.I.T. and the University of Toronto, and one of the first to use airborne geophysics in mineral exploration, discovered the Temagami copper deposit in 1954. The exploration area had been selected because of regional anomalous aeromagnetic indications, and on a local scale the discovery drill hole was spotted to test self-potential and resistivity geophysical anomalies. One of the discovery holes intersected 58 feet of 28% Cu.

Temagami Mining Company began mining almost immediately, with direct-shipping ore going to smelters at Carteret and Noranda. The No. 1 and No. 2 orebodies were mined as quarry operations with no shaft or mill, and produced $3,263,000 worth of copper. Profits were ploughed back into the mine and a shaft sunk and mill constructed in order to treat lower grade ore. In the normally capital-intensive mining industry, this was a rare case in which the discovery team, with limited financial reserves, was able to bring a new mine into production without giving up the operation to a major company or financial group, although one underwriting was made to speed the development. Subsequently, Temagami Mining Company merged with Goldfields Mining Corporation Limited to form Copperfields Mining Corporation Limited.

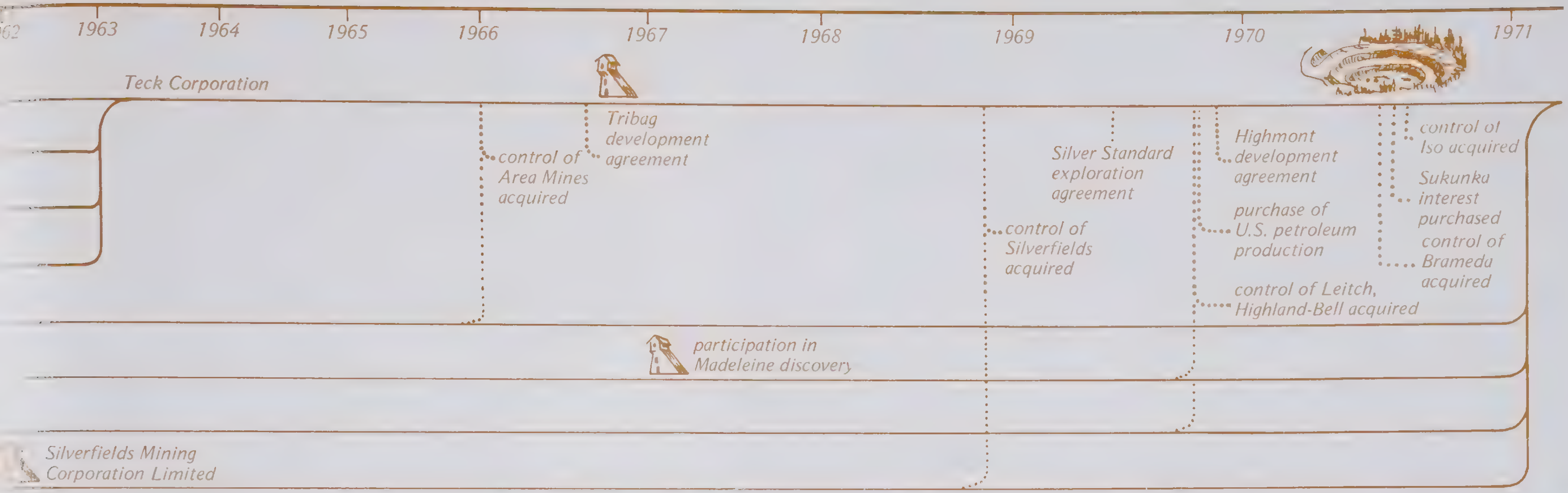
As a result of these developments Dr. Keevil was able to assume direction of Teck-Hughes and its associated companies in 1959, and to begin the building process which has resulted in the present Teck Corporation. Teck now owns 25% of the shares of Copperfields Mining Corporation, and Copperfields owns 1,999,145 Class A shares (29%) of Teck Corporation.

Since the 1963 merger, Teck has been associated with the making of three new mines. Silverfields Mining Corporation was formed in 1962 by Copperfields and the Hirshhorn interests to explore a raw silver prospect at Cobalt, Ontario. By 1964 it was shipping development ore and in 1965 Silverfields purchased a 200 ton per day mill. The deposit proved to be unusually consistent for Cobalt camp silver deposits, and the company has been able to increase reserves each year since the discovery. Teck acquired 78% of the shares of Silverfields in fiscal 1968 and recently merged with it.

In 1966, Teck agreed to finance the Tribag copper deposit into production. Tribag had been discovered by Aime Breton in 1954, and a substantial amount of drilling and development work had been sponsored by C. H. Franklin, through Tribag Mining Co., Limited. Teck loaned the necessary funds for mill construction and mine development through convertible income debentures, as well as acquiring a 15% share interest in Tribag, and the mine was put into production in May, 1967.

Area Mines had been formed by F. M. Connell in 1925 to explore in the Noranda area. Control was purchased by J. M. R. Corbet in 1936, and the following year, through the sale of some claims, it acquired a share interest in Lake Dufault Mines Limited, which later became an important producer. Subsequent sales of these shares provided Area with funds for continued exploration, and in 1957 its participation in the Mattagami Syndicate was rewarded with a second discovery. At the invitation of Mr. Corbet, control was purchased in 1966, and the following year Area participated in another discovery: the Madeleine mine, now a profitable 2,500 ton per day copper operation in Gaspé. After financing by McIntyre Porcupine, Area (now Teck) retained a 25% share interest in Madeleine.

Two companies which became associated with Teck in 1969 were formed by Karl J. Springer, one of the most respected figures in Canadian mining. Springer formed Leitch Mines in 1935 to develop a narrow, high-grade gold structure near Beardmore in northwestern Ontario. The ore structures persisted to 4,200 feet and the mine ultimately produced $30,200,000 in gold before closing in 1965.



TECK

Karl Springer acquired Highland-Bell in 1946, putting together a number of properties on Wallace Mountain, near Trail in eastern British Columbia, that had previously been high-graded by an assortment of prospectors. Highland-Bell put a 50-ton per day mill on the property in 1950, and the Beaverdell mine has been in operation ever since.

Leitch and Highland-Bell were participants in the Mattagami Syndicate, as mentioned above. They were also involved jointly in the famous lawsuit against Texas Gulf Sulphur, resolved in 1968 in favour of Texas Gulf, except for certain damages which have yet to be assessed.

Towards the end of 1970, Teck purchased a substantial share interest in Iso Mines from J. P. Dolan and Andrew Robertson, also with important mine-finding records. Iso had been formed in 1952 by J. P. Dolan to explore for uranium in the Beaverlodge district. Although it was unsuccessful there, it later participated in the Mattagami discovery, and presently holds shares in that company with a market value of over $7,700,000.

Since mid-1969, Teck has been engaged in a programme to obtain equity in and help develop major, long-term ore reserves. To an increasing extent, it has turned its sights towards British Columbia and the Yukon, where the opportunities to build such reserves in this country appear greatest. At the same time the programme has also been directed towards expanding its financial base, so as to be able to take advantage of development opportunities.

In mid-1969, Teck agreed to carry out exploration on properties held by Silver Standard Mines, and as a result of the agreement can earn an indeterminate interest, estimated to be 45%, in that company over a period of time. Led by Ridgeway W. Wilson, the Silver Standard exploration team complements Teck's efforts in western Canada, and that company's Schaft Creek deposit (being developed by Hecla Mining) may turn out to be one of the most important in British Columbia.

Several months later, Teck arranged to participate in the Highmont copper-molybdenum project in the Highland Valley, British Columbia. R. W. Falkins and J. L. Gibson's efforts over a number of years had brought the Highmont project to the point where it appeared likely to become a mine. A drilling and engineering programme financed by Teck confirmed this, and it is probable that this deposit will be brought into production in early 1973 as a 25,000 ton per day operation, similar to Brenda.

In late 1969, Copperfields Mining Corporation acquired the right to earn a 50% working interest in a promising columbium deposit near Chicoutimi, Quebec. Subsequent work has confirmed the existence of extensive reserves with good metallurgy, and the optimum production rate will now depend upon markets. Teck has an indirect interest through its equity in Copperfields.

In early 1970, Area and Highland-Bell (now merged into Teck) acquired an equity in Brameda Resources. Subsequent drilling confirmed indications of extensive coking coal reserves on Brameda's Sukunka project, and negotiations to arrange production financing are underway. Brameda also has an interest in the Casino copper-molybdenum deposit in the Yukon, and these two add significant contributions to the Teck Group's reserve base.

This expansion programme in recent years led to an increasingly intricate intercorporate structure. To make it easier for investors to understand the affairs of the companies, five of the companies undertook to merge in early 1971. Teck Corporation has now incorporated Area, Leitch, Highland-Bell and Silverfields fully into its structure, and these companies are being wound up.

These diverse activities have converged to form the present Teck Corporation, a company with solid management, strong long term reserves, and the financial capacity to develop them.


N B Keevil


B O Brynelsen


R W Wilson


J P Dolan

FINANCIAL

The recent consolidation has significantly increased the company's financial strength. Investments in Canadian resource companies had a market value of $41,123,300 on April 1, 1971, or $6.03 per new Teck share.

Net earnings for the fiscal year ended September 30, 1970 increased to $2,482,826 (or 47.3¢ per share) from $2,322,783 (46.9¢ per share) the previous year, both figures being adjusted for the weighted-average issued capitalization for the year.

The recent merger increased Teck's issued capitalization 30% to 6,817,259 shares. The newly issued shares will contribute additional earnings from Silverfields (increased from 78% to 100% ownership) and from 642,709 new shares of Mattagami Lake Mines, which at the present dividend rate will contribute $965,000 to earnings. Teck has also acquired the Beaverdell mine, a marginal silver producer with any earnings contribution depending principally on the price of silver. Results for fiscal 1971 will include the recent acquisitions for 6 months.

Teck also obtained, through the merger, 25% of Madeleine Mines Limited which, under its financing agreement, is obliged to distribute most of its cash flow after debt repayment as dividends. Cash flow for 1970 totalled $4,807,013 with 19,647,115 pounds of copper being produced and sold at 59¢ per pound. Debt at December 31, 1970 was $7,350,000. Madeleine should contribute to Teck's dividend income in the future, probably within two years.

Net income from petroleum operations totalled $3,804,876 in fiscal 1970. Price increases of about 25¢ per barrel on both Canadian and U.S. production, effected in late 1970 and early 1971, will add to the petroleum division's cash flow in the future. Further price increases are considered a good possibility.

During fiscal 1970, Teck paid regular quarterly dividends totalling $1,576,549, or 30¢ per share.

Financial

CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 1970

ASSETS

	1970	1969
	$	$
Current Assets		
Cash	219,138	287,755
Short-term deposits	—	2,924,656
Bullion at estimated net realizable value	843,564	1,126,821
Accounts receivable	851,250	765,552
Receivable under the provision of the Emergency Gold Mining Assistance Act	319,310	410,963
Marketable securities — at cost, less amounts written off (quoted market value — 1970 — $4,301,459; 1969 — $3,659,076)	1,026,718	1,243,100
Supplies — at cost	370,828	427,074
Deposits	105,096	94,762
Prepaid expenses	8,815	10,572
Income taxes recoverable	57,099	—
	3,801,818	7,291,255
Federal Special 5% Refundable Tax	—	15,160
Mortgage Receivable (U.S. $515,950)	555,162	—
Investments in and Advances to Associated and other Companies — at cost, less amounts written off (note 2)	15,542,594	8,846,127
Property, Plant and Equipment —		
Producing petroleum properties including well development expenditures — at cost, less accumulated depletion (1970 — $4,447,186; 1969 — $3,911,075) (note 3)	4,215,791	3,423,167
Undeveloped petroleum properties — at cost, less amortization (1970 — $223,069; 1969 — $139,459) (note 3)	1,727,834	1,859,229
Mining properties and rights — at cost, less amounts written off	668,894	697,974
Buildings, plant and equipment — at cost less accumulated depreciation (1970 — $7,844,552; 1969 — $7,285,711)	3,428,314	2,487,054
	10,040,833	8,467,424
	29,940,407	24,619,966

LIABILITIES

	1970	1969
	$	$
Current Liabilities		
Bank loan — secured (note 2)	1,895,000	—
Accounts payable and accrued expenses	1,091,660	1,033,003
Income and other taxes	73,811	7,156
	3,060,471	1,040,159
Bank Loan — repayable out of U.S. oil production (U.S. $1,823,812)	1,962,422	—
Deferred Income Taxes	2,443,350	2,589,850
Minority Interest	749,955	706,968
	8,216,198	4,336,977

SHAREHOLDERS' EQUITY

Capital Stock (note 4)		
Authorized —		
7,500,000 Class "A" shares without nominal or par value		
17,500,000 Class "B" shares without nominal or par value		
Issued and fully paid —		
4,903,620 Class "A" shares	14,020,701	14,020,701
370,904 Class "B" shares	3,036,434	2,493,934
	17,057,135	16,514,635
Retained Earnings	4,667,074	3,768,354
	21,724,209	20,282,989
	29,940,407	24,619,966

Signed on behalf of the Board

Director

Director

CONSOLIDATED STATEMENT OF EARNINGS FOR THE YEAR ENDED SEPTEMBER 30, 1970

	1970 $	1969 $
Crude oil and gas sales	5,336,085	4,012,889
Less: Operating expenses	1,531,209	729,298
Operating profit from petroleum operations	3,804,876	3,283,591
Operating profit from mining operations	665,386	820,001
Investment income — associated companies	203,657	230,452
Investment income — other	305,206	595,573
Churchill Copper payment (note 7)	63,651	—
	5,042,776	4,929,617
Less: Administrative and general expenses	454,779	377,078
Interest expense	234,754	—
	689,533	377,078
Operating profit before exploration and write-offs	4,353,243	4,552,539
Petroleum and mining exploration	1,097,092	1,147,298
	3,256,151	3,405,241
Depletion, depreciation and amortization (note 3(b))	1,267,180	928,539
Mining claims written-off	53,863	—
	1,321,043	928,539
	1,935,108	2,476,702
Income Taxes		
Current (note 5)	89,305	198,303
Deferred	(146,500)	230,150
	(57,195)	428,453
	1,992,303	2,048,249
Deduct: Pre-acquisition profits of subsidiary	—	204,844
	1,992,303	1,843,405
Minority interest in profits of subsidiary	56,170	44,194
Net Earnings for the Year before Extraordinary Items	1,936,133	1,799,211
Extraordinary Items —		
Recovery of income taxes on application of prior years' losses	82,000	—
Profit on sale of marketable securities	464,693	473,755
Profit on disposal of fixed assets	—	49,817
	546,693	523,572
Net Earnings for the Year	2,482,826	2,322,783
Earnings per Share (note 8)		
Before extraordinary items	$0.369	$0.363
After extraordinary items	$0.473	$0.469

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 1970

	1970 $	1969 $
Source of Funds		
Operating profit before exploration and write-offs	4,353,243	4,552,539
Less: Pre-acquisition profits of a subsidiary	—	204,844
Minority interest in profits for the year	56,170	44,194
Income taxes — current	89,305	198,303
	145,475	447,341
Cash earnings from operations	4,207,768	4,105,198
Increase in capital	542,500	3,828,239
Less: Goodwill on acquisition of a subsidiary	—	1,891,026
	542,500	1,937,213
Bank loan — U.S. (net)	1,962,422	—
Federal special 5% refundable tax	15,160	53,020
Profit on sale of marketable securities	464,693	473,755
Proceeds on disposal of fixed assets	57,975	178,793
Recovery of income taxes on application of prior years' losses	82,000	—
Increase in minority interest in a subsidiary company	42,987	706,968
	7,375,505	7,454,947
Use of Funds		
Dividends paid	1,576,549	1,490,534
Exploration — petroleum and mining	1,097,092	1,147,298
Property acquisition — petroleum and mining	1,235,611	928,543
Additions to plant and equipment	1,541,055	361,923
Development well expenses	175,761	228,504
Mortgage receivable (net)	555,162	—
Re-organization expenses	—	34,831
Investments in advances to associated and other companies	6,696,467	1,228,337
Adjustment to goodwill write-off resulting from the redemption of shares in a subsidiary company	7,557	—
	12,885,254	5,419,970
(Decrease) Increase in Working Capital	(5,509,749)	2,034,977
Working Capital — Beginning of Year	6,251,096	4,216,119
Working Capital — End of Year	741,347	6,251,096

SILVERFIELDS MINING CORPORATION LIMITED
STATEMENT OF MINE OPERATIONS FOR THE YEAR ENDED SEPTEMBER 30, 1970

	1970	1969
Revenue		
Bullion production	$1,811,395	$2,028,191
Less: Smelter, refinery, freight and marketing expenses	100,769	98,553
Royalties	172,865	191,345
	273,634	289,898
	1,537,761	1,738,293
Expenses		
Operating expenses	1,154,256	1,093,825
Directors' fees	5,900	6,500
Ontario mining tax	44,750	88,674
	1,204,906	1,188,999
Operating Profit	332,855	549,294
Depreciation	80,728	86,026
Amortization	4,199	4,199
Mining Claims Written Off	4,277	—
	89,204	90,225
Earnings from Mining Operations	$ 243,651	$ 459,069

LAMAQUE MINING COMPANY LIMITED
STATEMENT OF MINE OPERATIONS FOR THE YEAR ENDED SEPTEMBER 30, 1970

	1970	1969
Revenue		
Bullion production	$3,467,043	$3,835,346
Expenses		
Operating expenses	3,892,439	4,554,811
Remuneration of officers and directors	39,600	39,200
	3,932,039	4,594,011
Less: Recoverable under The Emergency Gold Mining Assistance Act	791,864	1,029,372
	3,140,175	3,564,639
Operating Profit	326,868	270,707
Depreciation	9,920	10,313
Earnings from Mining Operations	$ 316,948	$ 260,394

CONSOLIDATED STATEMENT OF RETAINED EARNINGS FOR THE YEAR ENDED SEPTEMBER 30, 1970

	1970 $	1969 $
Balance — Beginning of Year	3,768,354	6,932,308
Net earnings for the year	2,482,826	2,322,783
	6,251,180	9,255,091
Dividends paid	1,576,549	1,490,534
Write-down of mining properties and rights	—	2,070,346
Write off of goodwill on consolidation arising from the acquisition of Silverfields Mining Corporation Limited	—	1,891,026
Adjustment of goodwill write-off resulting from the redemption of Silverfields Mining Corporation Limited — class B shares	7,557	—
Re-organization expenses	—	34,831
	1,584,106	5,486,737
Balance — End of Year	4,667,074	3,768,354

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Teck Corporation Limited and its subsidiaries as at September 30, 1970 and the consolidated statements of earnings, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at September 30, 1970 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

November 25, 1970
Toronto, Ontario

McDONALD, CURRIE & CO.,
Chartered Accountants.

1. **Principles of Consolidation**
The consolidated financial statements include the statements of Silverfields Mining Corporation Limited for the year ended September 30, 1970 and of all wholly-owned subsidiaries. During September 1970 the company increased its holding in Area Mines Limited to 56%. The financial statements of Area Mines Limited have not been included in these consolidated financial statements as this company had no profits or losses attributable to the company since the date of acquisition. The accounts of the U.S. subsidiary have been converted into Canadian dollars as follows:
(a) fixed assets — at rates at the date of acquisition.
(b) current assets and liabilities — at rates at September 30, 1970.
(c) income and expenses — at average monthly rates except for depreciation, depletion and amortization which are converted at the rates effective on the dates at which the expenditures on the related assets were made.

2. **Investments in and Advances to Associated and other Companies**
The investments in associated and other companies are not temporary investments and include marketable shares at a cost of $11,537,992 which had a quoted market value of $9,461,959 at September 30, 1970. This latter amount is not indicative of the value of these holdings which may be more or less than that indicated by market quotations. The remaining balance of $4,004,602 consisting of bonds and non-marketable shares in and advances to associated and other companies represents costs to date less amounts written off and is not intended to reflect present or future values. Subsequent to September 30, 1970 the company sold certain investments carried at a value of $228,000 in consideration for cash of approximately $1,350,000. Certain of the aforementioned investments are pledged as security for the bank loan of $1,895,000 and the contingent liability with respect to the bank loan to Churchill Copper Corporation Ltd. (note 7).

3. **Property, Plant and Equipment**
(a) Petroleum Properties
The practice of the company is to capitalize lease acquisition costs and drilling and development expenditures of producing wells. Depletion of such costs and depreciation of related productive equipment are provided on a unit of production method based on estimated recoverable reserves of oil. Costs of undeveloped petroleum properties are amortized at a rate of 8% per annum and carrying charges as incurred thereon are charged to operations.
(b) Depletion, Depreciation and Amortization — $1,267,180
This amount consists of:

	1970 $	1969 $
Depletion of producing petroleum properties	537,156	347,020
Depreciation	573,716	393,911
Amortization of undeveloped petroleum properties	156,308	187,608
	1,267,180	928,539

4. **Capital Stock**
(a) During the year the company issued 77,500 class "B" shares at a value attributed by the directors of $542,500 together with cash of $507,500 in consideration for 300,000 shares of Leitch Mines Limited.
(b) Options were granted to officers on 40,000 shares at $4.60 per share and on 22,500 shares at $5.40 per share all expiring on December 31, 1971.

5. **Income Taxes**
(a) The company expended $1,835,056 on development of the mining claims of Highmont Mining Corporation Limited and Silver Standard Mines Ltd. in consideration for shares of those companies. For income tax purposes the company intends to claim sufficient of the amounts expended to eliminate its taxable income.
(b) A partially owned subsidiary company, Silverfields Mining Corporation Limited proposes to claim for income tax purposes capital cost allowances amounting to approximately $315,000 in excess of the amounts recorded for depreciation and amortization. At September 30, 1970 unclaimed capital cost allowances exceed the net book values of the related assets by approximately $215,000. This amount may be utilized to reduce income taxes of that company in future years.

6. **Senior Officers' Remuneration**
Expenses of the company and its subsidiaries for the year include directors' remuneration (including executive salaries and directors' fees) of $193,882.

7. **Contingent Liabilities**
(a) The company is contingently liable in the amount of $80,823 with respect to guarantee notes issued by a bank in connection with the company's share of oil exploration commitments.
(b) At September 30, 1970 the company is contingently liable in the amount of $3,800,000 (note 2) with respect to a bank loan to Churchill Copper Corporation Ltd. In consideration for this guarantee the company receives $6 per ton for all concentrates shipped.

8. **Earnings per Share**
The dilutive effect of outstanding options granted to officers has no significant effect on the earnings per share and has therefore been ignored.

COMPARATIVE FIGURES

	Years ended September 30,						
	1970	1969	1968	1967	1966	1965	1964
Crude oil and gas sales	$5,336,085	$4,012,889	$4,336,396	$4,277,516	$4,423,532	$4,257,753	$3,904,960
Less: Operating expenses	1,531,209	729,298	701,437	693,248	720,244	704,133	654,460
Operating profit from petroleum operations	3,804,876	3,283,591	3,634,959	3,584,268	3,703,288	3,553,620	3,250,500
Operating profit from mining operations	665,386	820,001	602,569	889,879	888,756	935,620	928,352
Investment income	508,863	826,025	657,005	400,891	215,960	202,181	286,895
Churchill Copper payment	63,651						
	5,042,776	4,929,617	4,894,533	4,875,038	4,808,004	4,691,421	4,465,747
Less: Administrative and general expenses	454,779	377,078	266,583	247,330	240,167	220,210	258,380
Interest expense	234,754						
	689,533	377,078	266,583	247,330	240,167	220,210	258,380
Operating profit before exploration	4,353,243	4,552,539	4,627,950	4,627,708	4,567,837	4,471,211	4,207,367
Petroleum and mining exploration	1,097,092	1,147,298	1,066,437	1,633,074	1,125,465	1,126,099	1,020,297
	3,256,151	3,405,241	3,561,513	2,994,634	3,442,372	3,345,112	3,187,070
Depletion, depreciation and amortization	1,267,180	928,539	788,275	806,715	875,188	804,986	838,546
Mining claims written off	53,863		11,678	28,724			
	1,321,043	928,539	799,953	835,439	875,188	804,986	838,546
	1,935,108	2,476,702	2,761,560	2,159,195	2,567,184	2,540,126	2,348,524
Income taxes							
Current	89,305	198,303	610,622	634,493	557,826	630,610	483,084
Deferred	(146,500)	230,150	102,700	(63,000)	(35,000)	81,000	36,200
	(57,195)	428,453	713,322	571,493	522,826	711,610	519,284
	1,992,303	2,048,249	2,048,238	1,587,702	2,044,358	1,828,516	1,829,240
Deduct: pre-acquisition profits Subsidiary		204,844					
	1,992,303	1,843,405	2,048,238	1,587,702	2,044,358	1,828,516	1,829,240
Minority interest in profits of subsidiary	56,170	44,194					
Net earnings before extraordinary items	1,936,133	1,799,211	2,048,238	1,587,702	2,044,358	1,828,516	1,829,240
Extraordinary items							
Write off, investment and advances				(273,021)			
Recovery of income taxes	82,000						
Profit on sale of marketable securities	464,693	473,755	161,879	916,233	668,631	1,631	(13,709)
Profit on disposal of fixed assets		49,817	106,611				
	546,693	523,572	268,490	643,212	668,631	1,631	(13,709)
Net Earnings for the Period	$2,482,826	$2,322,783	$2,316,728	$2,230,914	$2,712,989	1,830,147	$1,815,531
Earnings Per Share							
Before extraordinary items	$0.369	$0.363	$0.442	$0.342	$0.441	$0.396	$0.397
After extraordinary items	$0.473	$0.469	$0.500	$0.481	$0.585	$0.397	$0.395

DIRECTORS

B. O. Brynelsen, Vancouver, British Columbia, President, Brenda Mines Limited.
Sir Michael Butler, Bt., Vancouver, British Columbia, Barrister, Farris, Farris, Vaughan, Wills & Murphy.
R. E. Hallbauer, B.A.Sc., Vancouver, British Columbia, Vice President, Mining Operations, Keevil Mining Group Limited.
William James, M.A., Ph.D., Toronto, Ontario, Partner, James, Buffam & Cooper.
G. L. Jennison, Toronto, Ontario, Director, Canada Permanent Mortgage Corporation.
N. B. Keevil, M.Sc., Ph.D., Mississaugua, Ontario, President, Copperfields Mining Corporation Limited and other companies.
N. B. Keevil Jr., M.Sc., Ph.D., P.Eng., Toronto, Ontario, Vice President, Copperfields Mining Corporation Limited.
J. D. Leishman, M.D., Vancouver, British Columbia, Director, Mutual Life Assurance Company of Canada.
C. E. Michener, B.A., M.Sc., Ph.D., Toronto, Ontario, Consulting Geologist.
J. H. Westell, Islington, Ontario, Executive Vice President, Keevil Mining Group Limited.
R. J. Wright, Toronto, Ontario, Partner, Lang, Michener, Cranston, Farquharson & Wright.
A. R. Keevil, M.A., P.Geol., Calgary, Alberta, Vice President, Teck Corporation Limited.

OFFICERS

Norman B. Keevil, President and Chairman of the Board
Norman B. Keevil Jr., Executive Vice President
Robert E. Hallbauer, Vice President
Alan R. Keevil, Vice President, Petroleum
James H. Westell, Treasurer
William H. Maedel, Secretary
Robert K. Wright, Assistant Treasurer
Harold B. Keevil, Assistant Secretary
John D. Munroe, Assistant Secretary

MINE MANAGERS

Mr. A. R. Foley, Lamaque Mining Company Limited, Val d'Or, Quebec
Mr. W. C. Summers, Silverfields Mining Division, Cobalt, Ontario
Mr. B. E. Goetting, Beaverdell Mining Division, Penticton, British Columbia

EXECUTIVE OFFICE

Suite 4900, Box 49, Toronto-Dominion Centre, Toronto 111, Ontario

WESTERN DIVISION
Suite 700, 1177 West Hastings Street, Vancouver 1, British Columbia

PETROLEUM DIVISION
1530 Aquitaine Tower, 540 - 5th Avenue S.W., Calgary 1, Alberta

TRANSFER AGENTS

Guaranty Trust Company of Canada, Toronto, Montreal, Winnipeg and Vancouver
National State Bank of Newark, Newark, New Jersey, U.S.A.

AUDITORS

McDonald, Currie & Co., Toronto, Ontario

KEEVIL MINING GROUP

PRINTED IN CANADA

TECK CORPORATION LIMITED

Suite 4900
Toronto-Dominion Centre
Toronto 1, Ontario

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the Annual Meeting of the Shareholders of TECK CORPORATION LIMITED will be held in the British Columbia Room, Royal York Hotel, Toronto, Ontario, on Friday, the 6th day of March 1970, at the hour of 10:30 o'clock in the forenoon, Eastern Standard Time, to:

(a) receive and consider the Annual Report of the Company containing the financial statements as at September 30, 1969 and the report of the Auditors thereon;

(b) elect Directors of the Company to fill those posts vacated pursuant to the charter of the Company and otherwise;

(c) appoint Auditors, and authorize the Directors to fix their remuneration;

(d) transact such other business as may properly come before the meeting or any adjournment thereof.

A copy of the Annual Report accompanies this notice.

Shareholders who are unable to attend the meeting in person are requested to date and sign the enclosed form of instrument of proxy and return it using the stamped form provided for that purpose.

DATED at Toronto, this 30th day of January, 1970.

By Order of the Board of Directors,

R. J. WRIGHT

Secretary

TECK CORPORATION LIMITED

INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This information circular dated as of February 12, 1970 is furnished in connection with the solicitation by the management of Teck Corporation Limited (the Company) of proxies to be used at the Annual Meeting of Shareholders of the Company (the meeting) to be held at the time and place and for the purposes set forth in the accompanying notice of such meeting. Solicitation will be primarily by mail, but may be supplemented by solicitation personally by directors, officers and employees of the Company without special compensation. The cost of solicitation by management will be borne by the Company.

The persons named in the enclosed form of proxy are directors of the Company. **A shareholder desiring to appoint some other person to attend and act for him and on his behalf at the meeting may do so either by striking out the names of the persons designated in the form of proxy and inserting such person's name in the blank space provided in the form of proxy, or by submitting another proper form of proxy.**

If the accompanying separate proxy form is executed and returned, it may nevertheless be revoked at any time.

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the directions contained therein. **In the absence of such directions, such shares will be voted for the election of directors and appointment of auditors as stated under those headings in this circular.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting, and with respect to other matters which may properly come before the meeting. At the time of printing this circular the management of the Company knows of no such amendments, variations or other matters to come before the meeting other than the matters referred to in the notice of meeting.

VOTING SHARES

The authorized capital of the Company consists of 7,500,000 Class "A" and 17,500,000 Class "B" shares without par value. On the date of this circular, 4,903,620 Class "A" shares, each carrying the right to 100 votes per share, and 293,404 Class "B" shares, each carrying the right to 1 vote per share, were outstanding.

With the exception of the shareholder mentioned immediately hereafter, the directors and senior officers of the Company do not know of any person or company beneficially owning, directly or indirectly, shares carrying more than 10% of the voting rights attached to all shares of the Company.

Copperfields Mining Corporation Limited has informed the Company that on the date of this circular it held beneficially 1,807,845 Class "A" shares which represents 34.8% of the outstanding Class "A" and Class "B" shares of the Company.

ELECTION OF DIRECTORS

The board consists of 12 directors divided into classes "A", "B" and "C", each class composed of 4 directors. Directors of one of the three classes are elected annually for a term of three years. Class "A" directors are to be elected at the meeting. The shares represented by the proxies hereby solicited will be voted by the persons therein named for the election of the four nominees whose names are set forth below, all of whom are now members of the Board of Directors and have been since the dates indicated. The management does not contemplate that any nominee will be unable or unwilling to serve as a director, but if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion.

Each of the following persons is nominated to hold office as a Class "A" director for a term of three years or until his successor is duly elected, unless his office is earlier vacated in accordance with the By-laws of the Company:

Name	Date on Which First Elected Director	Shares Beneficially Owned Directly or Indirectly
Sir Michael Butler, Bt., Q.C.	June 28, 1961	100 Class "A"
George L. Jennison	August 26, 1963	2,400 Class "A"
Alan R. Keevil, M.A., P. Geol.	February 5, 1966	1,000 Class "A"
Norman B. Keevil, M.Sc., Ph.D.	June 28, 1961	56,550 Class "A"

Sir Michael Butler, Bt. is a barrister and solicitor associated with the law firm of Farris, Farris, Vaughan, Taggart, Wills & Murphy, Vancouver, British Columbia.

Mr. George L. Jennison is associated with Wills, Bickle & Company Limited, investment dealers, as a financial consultant.

Mr. Alan R. Keevil is manager of petroleum operations of the Company.

Dr. Norman B. Keevil is the President, Chairman of the Board and a member of the Executive Committee of the Company and is the President and a director of Copperfields Mining Corporation Limited, Silverfields Mining Corporation Limited, Tribag Mining Co., Limited and Area Mines Limited.

CONTINUING DIRECTORS

The following four persons are Class "B" directors of the Company whose terms of office as directors will continue after the meeting for a further period of one year:

Name	Date on Which First Elected Director	Shares Beneficially Owned Directly or Indirectly
John D. Leishman, M.D.	October 12, 1951	3,305 Class "A"
Norman B. Keevil Jr., M.Sc., Ph.D., P.Eng.	July 5, 1963	2,100 Class "A"
Robert E. Hallbauer	October 4, 1968	100 Class "A"
Robert J. Wright	January 15, 1968	100 Class "A"

Dr. John D. Leishman is a business executive and a director of several Canadian companies.

Dr. Norman B. Keevil Jr. is Vice-President and a member of the Executive Committee of the Company and Vice-President of Copperfields Mining Corporation Limited.

Robert E. Hallbauer is a mining engineer and General Manager of Mining Operations for Keevil Mining Group Limited.

Robert J. Wright is a barrister and solicitor and a partner in the law firm of Lang, Michener, Cranston, Farquharson & Wright.

The following four persons are Class "C" directors of the Company whose terms of office as directors will continue after the meeting for a further period of two years:

Name	Date on Which First Elected Director	Shares Beneficially Owned Directly or Indirectly
William James, M.A., Ph.D.	February 9, 1970	100 Class "A"
Charles E. Michener, B.A., M.Sc., Ph.D.	February 7, 1969	500 Class "A"
Douglas A. Perigoe	June 28, 1961	1,000 Class "A"
James H. Westell	June 28, 1961	1,000 Class "A"

Dr. William James is a consulting geologist and since 1967 has been a partner in the firm of James, Buffam & Cooper, geologists, with which firm he was previously associated.

Dr. Charles E. Michener is a Consulting Geologist.

Mr. Douglas A. Perigoe is a member of the Executive Committee of the Company and Vice-President and director of Gardiner, Watson Limited.

Mr. James H. Westell is Treasurer of the Company and a member of its Executive Committee and is the Treasurer and a director of Area Mines Limited and Tribag Mining Co., Limited and is the Treasurer of Copperfields Mining Corporation Limited and Silverfields Mining Corporation Limited.

The foregoing information relating to the nominees as directors and the continuing directors is based partly on the Company's records and partly on information received by the Company from the persons named.

The Company paid during its last completed financial year as part of its exploration and development expenditures during the year, the sum of $969,898 to Geophysical Engineering & Surveys Limited (Geophysical) to provide services, personnel, facilities, etc., in this respect based upon prices consistent with those in the industry. Geophysical may purchase at the total proportionate cost then pertaining (including all expenses to date) a 10% interest in mining properties acquired by the Company through the efforts of Geophysical or upon which Geophysical may have provided services. This right may only be exercised prior to such properties being prepared for production. During the Company's last financial year Geophysical did not exercise any right in this regard. Geophysical is a private company providing consulting services for the mining industry, as well as carrying out research and development in geophysical techniques, in which Dr. N. B. Keevil and Dr. N. B. Keevil Jr. are substantial shareholders.

PENSION BENEFITS

The estimated aggregate cost to the Company and its subsidiaries in the last financial year of all pension benefits proposed to be paid to directors and senior officers of the Company was $2,176.

OPTIONS TO PURCHASE SECURITIES

Options granted under the Company's Stock Incentive Plan to directors and senior officers of the Company during the years 1962 and 1964 to purchase shares of the Company's stock at a price of $4.25 per share, which options had been extended to expire on December 31, 1968, were exercised and 42,500 shares were purchased. Four directors and senior officers exercised their options on November 4, 1968, November 12, 1968, November 28, 1968 and December 5, 1968, respectively. During the 30 day periods preceding the dates of purchase of the said shares the price range of the Company's stock was respectively $5.10 - $6.00, $5.10 - $6.60, $5.40 - $6.60, and $5.65 - $6.60. On October 4, 1968, November 14, 1968 and November 29, 1968, certain options under the Company's Stock Incentive Plan were granted to directors and senior officers of the Company, being the only options presently in effect. The options were granted in consideration of the directors and senior officers in question agreeing to continue their relationship with the Company and other good and valuable consideration. Options in respect of 20,000 shares were granted on October 4, 1968, at a price of $4.60 per share; in respect of 20,000 shares on November 14, 1968, at a price of $4.60 per share; and in respect of 22,500 shares on November 29, 1968, at a price of $5.40 per share. During the 30 day periods preceding the granting of the aforementioned options the price range of the Company's stock was respectively $4.70 - $5.30, $5.10 - $6.60, and $5.40 - $6.60. Each of the options was granted for a three year period from January 1, 1969 to December 31, 1971, and is exercisable only as to one-third of the optioned shares up to the close of business on December 31, 1969, only as to a further one-third of the optioned shares plus that number (if any) of the optioned shares not purchased prior thereto from January 1, 1970 up to the close of business on December 31, 1970, and as to the balance of the optioned shares plus that number (if any) of the optioned shares not purchased prior thereto from January 1, 1971 to December 31, 1971. The options are not assignable and terminate on the death of the optionee and the resignation or discharge of the optionee as an employee of the Company.

Certain of these options were exercised by two of the directors of the Company on April 30, 1969 and June 4, 1969 respectively with the result that 3,300 shares were purchased at $4.60 per share and 2,500 shares at $5.40 per share. During the 30 day periods preceding the date of purchase of the said shares, the price range of the Company's stock was respectively $6.90 - $7.50 and $7.75 - 10.50.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate remuneration paid or payable by the Company and its subsidiaries in the last financial year to the directors and senior officers of the Company amounted to $146,173.

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the re-appointment of McDonald, Currie & Co. as auditors of the Company to hold office until the next annual meeting of shareholders.

Dated as of the 12th day of February, 1970.

By Order of the Board of Directors,

R. J. WRIGHT

Secretary